BEFORE THE
POSTAL REGULATORY COMMISSION
WASHINGTON, D.C. 20268-0001

MARKET-DOMINANT PRICE CHANGE	Docket No. R2021-1

**RESPONSE OF THE UNITED STATES POSTAL SERVICE TO
CHAIRMAN'S INFORMATION REQUEST NO. 1**
(October 22, 2020)

The Postal Service hereby responds to Chairman's Information Request No. 1,

issued on October 15, 2020. Each question is stated verbatim and is followed by the

response.

Respectfully submitted,

UNITED STATES POSTAL SERVICE

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October 22, 2020

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1. In Excel file "Attachment B R2021-1.xlsx," tab "Periodicals Outside County," cell "D27," the price for Machinable Automation MADC Flats is $0.533. In Changes to the Mail Classification Schedule, the price for Periodicals, Outside County Periodicals, Machinable Automation MADC Flats is $0.535. See Notice, Attachment A at 63. Please state whether the proposed price for Periodicals, Outside County Periodicals, Machinable Automation MADC Flats is $0.533 or $0.535. Please revise the supporting materials to correspond with the proposed price.

RESPONSE:

The proposed price is $0.535, not $0.533. A corrected version of the relevant Excel file is being filed in tandem with this response.

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2. As required by the Commission in the FY 2010 Annual Compliance Determination, please provide:

   a. a schedule of future above-consumer price index price increases for USPS Marketing Mail Flats;

   b. an explanation of how the proposed prices will move the Flats cost coverage toward 100 percent; and

   c. a statement estimating the effect that the proposed prices will have in reducing the subsidy of the Flats product.

RESPONSE:

a. Please see Response of the United States Postal Service to Chairman's

   Information Request No. 4, Question 1, PRC Docket No. R2020-1 (Oct. 23,

   2019). FY 2020 results for Flats will become available with the upcoming Annual

   Compliance Report, to be filed on December 29, 2020. Those results should be

   useful in assessing the effects of the Commission's choice of parameters for

   Flats pricing. In the event that the FY 2020 Annual Compliance Determination

   does not again mandate a specific, Commission-chosen minimum price increase

   but does continue to impose an above-class-average pricing requirement, the

   Postal Service will then assess whether to return to its previous 1.05 times CPI

   approach or to change course.

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b-c. Please see Response of the United States Postal Service to Chairman's

Information Request No. 4, Question 1, PRC Docket No. R2020-1 (Oct. 23,

2019). None of the relevant circumstances have changed since that filing.

3. The following questions reference a potential discrepancy between the workpapers submitted for the workshare discount for BPM Flats—Carrier Route and the rate tables included in the MCS language in Attachment A to the Notice.

   a. Please refer to Attachment B to the Postal Service's Notice, Excel file "Attachment B R2021-1.xlsx," tab "Bound Printed Matter Flats," cell F8. Please confirm the formula in that cell is "=ROUND(1.274 – 1.13,3)" which leads to a passthrough of 98.6% shown in cell H10. If not confirmed, please explain.

   b. Please refer to Attachment A to the Postal Service's Notice at page 68. Please confirm the per-piece rate for Bound Printed Matter Flats—Carrier Route, Other-Than-Destination-Entry is given as "1.128." If not confirmed, please explain.

   c. Please confirm that the value "1.128" from page 68 of Attachment A should be used in the formula for cell F8 in Attachment B, Excel file "Attachment B R2021-1.xlsx," tab "Bound Printed Matter Flats," instead of the value "1.13." If not confirmed, please provide the source for the value "1.13."

   d. If question 1.c is confirmed, please further confirm that the formula for cell F8 in Attachment B, Excel file "Attachment B R2021-1.xlsx," tab "Bound Printed Matter Flats" should be "=ROUND(1.274 – 1.128,3)" which leads to a passthrough of 100.0% shown in cell H10. If confirmed, please resubmit Attachment B with the updated formula. If not confirmed, please explain.

RESPONSE:

   a. Not confirmed. The formula should be "=ROUND(1.274 – 1.128)."

   b. Confirmed.

   c. Confirmed. A corrected version of the relevant Excel file is being filed in

      tandem with this response.

   d. Confirmed.